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Message Text

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21
ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11

L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 EB-11 CIEP-03 TRSE-00 STR-08 OMB-01

CEA-02 COME-00 FRB-03 XMB-07 OPIC-12 LAB-06 SIL-01

DRC-01 /190 W
---------- 077064
R 150844Z AUG 74
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4422
INFO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY THE HAGUE
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
AMEMBASSY ROME
AMEMBASSY DUBLIN
AMEMBASSY MADRID
AMEMBASSY STOCKHOLM
AMEMBASSY VIENNA
USMISSION EC BRUSSELS
USMISSION GENEVA
USMISSION BERLIN
AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART
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UNCLAS BONN 12878

E.O. 11652: N/A
TAGS: ELAB, GW
SUBJECT: UNEMPLOYMENT CONTINUES TO CLIMB
REF: BONN 11165, 7596, 674

1. IN JULY, 490,000 WORKERS, 2.2 PERCENT OF THE LABOR FORCE, WERE UNEMPLOYED. AS USUAL, SUMMER BUSINESS SLOWDOWNS AND VACATIONS ACCOUNT,INPART, FOR THE SHARP RISE IN UNEMPLOYMENT IN JULY, BUT UNEMPLOYMENT WAS TWICE AS HIGH LAST MONTH AS IN JULY 1973 AND HIGHER THAN DURING ANY SUMMER SINCE JUNE 1960.

2. UNEMPLOYMENT IS GREATEST IN THE CLERICAL AND MANAGERIAL PROFESSIONS AND IN THE METAL AND CONSTRUCTION INDUSTRIES. IN THE LATTER SECTOR, THE UNEMPLOYMENT RATE IS CURRENTLY 11.7 PERCENT.

3. GEOGRAPHIC AND OCCUPATIONAL MOBILITY ARE LARGELY CREDITED WITH REDUCING THE RATE OF UNEMPLOYMENT FOR FOREIGN WORKERS TO 1.8 PERCENT.

4. UNIONS AND INDUSTRIES PARTICULARLY AFFECTED BY THE CURRENT DOMESTIC ECONOMIC STAGNATION ARE URGING THE FEDERAL GOVERNMENT TO CREATE JOBS BY STIMULATING THE ECONOMY. THE DGB, WHICH BLAMES THE RELATIVELY HIGH RATE OF UNEMPLOYMENT ON RETARDED ECONOMIC DEVELOPMENT IN CERTAIN BRANCHES OF INDUSTRY AND GEOGRAPHIC REGIONS, HAS CALLED ON THE GOVERNMENT TO INSTITUTE MEASURES TO PREVENT A FURTHER DETERIORATION INEMPLOYMENT OPPOR-TUNITIES. THE DGB RECOMMENDS THAT DOMESTIC CONSUMPTION AND INVESTMENT BE ENCOURAGED SO THAT ECONOMIC GROWTH, BECOMES LESS DEPENDENT ON
EXPORTS, AND SPECIFICALLY ADVOCATES AN INCREASE IN GOVERNMENT-SUPPORTED HOUSING CONSTRUCTION AND PUBLIC TRANSPORTATION. IT HAS ALSO REPEATED ITS REQUEST TO THE BUNDESBANK TO ALTER ITS TIGHT MONEY POLICY, THEREBY MAKING CREDIT EASIER FOR INDUSTRIAL SECTORS SUFFERING HIGH UNEMPLOYMENT. THE DAG, THE GERMAN WHITE COLLAR
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WORKERS UNION, IN RESPONSE TO THE UNUSUALLY HIGH RATE OF UNEMPLOYMENT FOR CLERICAL AND ADMINISTRATIVE PERSONNEL, HAS ALSO CALLED ON THE BUNDESBANK TO ABANDON ITS HIGH INTEREST RATES AND BEGIN A NEW FINANCE AND CREDIT POLICY. THE METAL WORKERS UNION ADVOCATES INCREASING CAR SALES BY HAVING AUTOMOBILE DEALERS OFFER LOWER FINANCING COSTS FOR
NEW CAR PURCHASES.

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5. ACCORDING TO PRESS REPORTS, CHANCELLOR SCHMIDT SAID ON AUGUST 9 THAT IF IT BECOMES NECESSARY, THE GOVERNMENT WILL "STEP ON THE GAS" TO STIMULATE ECONOMIC GROWTH AND TO CURB GROWING UNEMPLOYMENT. HOWEVER, ECONOMICS MINISTER FRIDERICHS IS REPORTED TO HAVE SAID THAT HE SEES NO REASON FOR SUCH MEASURES SINCE THE WEST GERMAN ECONOMY "IS NOT ON A DOWNWARD SLOPE."

NEVERTHELESS THE RATE OF UNEMPLOYMENT IS EXPECTED TO RISE SHARPLY IN THE FALL.
HILLENBRAND

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Disposition Approved on Date:
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